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Attorneys for Plaintiff,
STANFORD HEALTH CARE

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

STANFORD HEALTH CARE, a
California nonprofit corporation,

Plaintiffs,

v.

TRUSTMARK SERVICES
COMPANY, a Delaware for profit
corporation, and DOES 1 THROUGH
25, INCLUSIVE,

Defendants,

Case No.: 5:22-cv-03946-SVK

THIRD AMENDED COMPLAINT FOR
DAMAGES FOR:

1. BREACH OF IMPLIED IN FACT
CONTRACT;
2. *QUANTUM MERUIT*

PARTIES

1
2 1. Plaintiff STANFORD HEALTH CARE ("Stanford Hospital") is
3 a nonprofit corporation organized and existing pursuant to the laws of the State of
4 California. Stanford Hospital has its principal place of business in the city of Palo
5 Alto, county of Santa Clara, state of California. Stanford Hospital renders
6 medically necessary care to patients.

7
8 2. Defendant Trustmark Services Company ("Trustmark") is a for profit
9 company qualified to do business in the State of California and organized and
10 existing pursuant to the laws of the State of Delaware. Trustmark has its principal
11 place of business in the City of Lake Forest, county of Lake, State of Illinois.

12
13 3. Defendant The Chefs' Warehouse, Inc. ("Chef's Warehouse") is a
14 corporation qualified to do business in the State of California and organized and
15 existing pursuant to the laws of the State of Delaware. Trustmark has its principal
16 place of business in the City of Ridgefield, County of Fairfield, State of
17 Connecticut.

18
19 4. Stanford Hospital is unaware of the true names and capacities,
20 whether corporate, associate, individual, partnership, or otherwise of defendants
21 Does 2 through 25, inclusive, and therefore sues such defendants by such fictitious
22 names. Stanford Hospital will seek leave of the Court to amend this complaint to
23 allege their true names and capacities when ascertained.

24 5. Trustmark, The Chef's Warehouse, Inc., and Does 2 through 25,
25 inclusive, shall be collectively referred to as "Defendants"

26
27 6. Defendants and each of them, at all relevant times, have transacted
28

1 business in the State of California. The violations alleged within this complaint
2 have been and are being carried out in the State of California.

3
4 7. At all relevant times each of the defendants, including the defendants
5 named "Doe," was and is the agent, employee, employer, joint venture,
6 representative, alter ego, subsidiary, and/or partner of one or more of the other
7 defendants, and was, in performing the acts complained of herein, acting within the
8 scope of such agency, employment, joint venture, or partnership authority, and/or
9 is in some other way responsible for the acts of one or more of the other
10 defendants.

11
12 8. Stanford expressly disavows this action implicates any of the rights it
13 may have gained through an assignment of benefits from the Patient. To the extent
14 recovery on any of the claims asserted herein rely upon such an assignment,
15 Stanford declines such recovery in this action. Stanford elects to bring this suit
16 specifically and exclusively on the basis of causes of action arising under the laws
17 of the State of California.

18
19 **COMMON FACTUAL BACKGROUND**

20
21 9. MultiPlan Group, Inc. ("Multiplan") had entered into various
22 written contracts with hospitals (collectively, the "Multiplan Contracts").
23 According to the Multiplan Contracts, hospitals agreed to render medically
24 necessary care to individual enrollees of health plans, which health plans were or
25 would be registered with Multiplan as payer signatories ("Payer") to the Multiplan
26 Contracts. In exchange, Multiplan agreed on behalf of each such Payer that the
27 Payers would pay such hospitals for the medically necessary care rendered to the
28 individual enrollees of that Payer's health plan at the Multiplan Contracts rates.

1 10. At all relevant times, Trustmark had contracted with Chef's
2 Warehouse as third party administrator for Trustmark's self-funded health plan. At
3 all relevant times, Chef's Warehouse was registered with Multiplan as a payer
4 signatory to the Multiplan Contract so as to gain access to the discounted Contract
5 Rates. Trustmark, through its third party administrator Chef's Warehouse, hence
6 agreed to pay hospitals and/or physicians for the medically necessary care rendered
7 to the individual enrollees of Trustmark's health plan pursuant to the terms of the
8 Multiplan Contracts.

9
10 11. At all relevant times, Stanford Hospital had entered into the
11 Multiplan Contract as a provider of medically necessary care for the benefit of all
12 individual enrollees of health plans who were or would be registered as Payer
13 signatories, such as Chef's Warehouse and by extension Trustmark, under that
14 contract. Thus, under the Multiplan Contract, Stanford Hospital agreed to render
15 medically necessary care to the individual enrollees of Trustmark's health plan; in
16 exchange, Trustmark (being a Payer signatory through Chef's Warehouse) agreed
17 to pay Stanford Hospital the negotiated rates pursuant to the terms of the Multiplan
18 Contract for that care. In general, the negotiated rates under the Multiplan
19 Contract provide for medically necessary care to be paid at a discount off of
20 Stanford Hospital's usual and customary total billed charges.

21
22 12. As a Provider under the Multiplan Contract, Stanford Hospital
23 agreed to submit bills to Trustmark and/or Chef's Warehouse reflecting Stanford
24 Hospital's usual and customary total billed charges associated with rendering
25 medically necessary care to the individual enrollees of the Trustmark health plan.
26 In exchange, Trustmark, through Chef's Warehouse, agreed to process and pay
27 such claims according to the rates specified in the Multiplan Contract (i.e.,
28 Stanford's Hospital usual and customary total billed charges less a specified

1 discount).

2
3 13. At all relevant times, the individuals identified on the
4 spreadsheet attached as Exhibit A to this complaint (and which is incorporated here
5 by this reference as though set forth in full) (collectively, the "Patients")¹ were an
6 individual member of the Defendant's health plan. [See Exhibit A]
7

8 14. At all relevant times, Stanford Hospital is informed and
9 believes and thereon alleges that Defendants instructed its members to go to the
10 nearest emergency hospital to obtain medically necessary services (including
11 emergency related medical services) when the members believe they are
12 experiencing an emergency medical condition.
13

14 15. At all relevant times, Stanford Hospital is informed and
15 believes and thereon alleges that pursuant to state and federal laws, hospitals with
16 an emergency department, such as Stanford Hospital, are required by law to
17 provide emergency services regardless of the patient's financial status or insurance
18 coverage.
19

20 16. At all relevant times, Stanford Hospital is informed and
21 believes and thereon alleges that pursuant to state and federal laws, health plans,
22 such as Defendants, are required by law to pay hospitals the reasonable value for
23 medically necessary services (including emergency related medical services)
24 rendered to their members regardless whether the services were rendered in-
25 network or out-of-network. California Health & Safety Code § 1371.4(b);
26

27
28 ¹ Stanford Hospital has limited the disclosure of patient identification information in this complaint pursuant to the
privacy provisions of the federal Health Insurance Portability & Accountability Act ("HIPAA"), 42 U.S.C. §§
1320(d) et seq., and the California Constitution, art. 1, § 1.

1 California Health & Safety Code § 1371.4.

2
3 17. Patients were treated at Stanford Hospital from January 2020
4 through June 2021. For the duration of Patient's stay(s), Stanford Hospital
5 rendered medically necessary emergency care to Patients.

6
7 18. Stanford Hospital's usual and customary total billed charges for
8 rendering the medically necessary care to Patients amounted to \$950,154.44.
9 Thus, according to the discounted rates specified (70% of total billed charges)
10 within the Multiplan Contract, Defendant's owed Stanford Hospital \$665,108.11
11 for such care (the "Contract Amount Due").

12
13 19. Stanford Hospital timely and properly submitted the billed
14 charges to Defendants, for payment by Defendants.

15
16 20. Defendants failed to fully pay Stanford Hospital for the medically
17 necessary services, supplies and/or equipment rendered to Patients.

18
19 21. As a direct and proximate result of Defendants' wrongful
20 conduct, Stanford Hospital has suffered damages in an amount to be proven at trial
21 but not less than the sum of \$513,760.25, exclusive of interest.

22
23 **FIRST CAUSE OF ACTION**

24 Breach of Implied-in-Fact Contract
25 (Against All Defendants)

26
27 22. Stanford Hospital incorporate by reference and re-alleges
28 paragraphs 1 through 21 here as though set forth in full.

1 23. At all relevant times, Stanford Hospital was a provider member
2 of the Multiplan Network and as such agreed to render medically necessary care to
3 individual enrollees of health plans, which health plans were or would be
4 registered with Multiplan as Payer[s].
5

6 24. At all relevant times, Trustmark through Chef's Warehouse,
7 was a Payer member of the Multiplan Network and as such agreed to pay
8 Multiplan healthcare provider members, such as Stanford Hospital, the negotiated
9 rates pursuant to the terms of the Multiplan Contract for the medical services
10 rendered to its beneficiaries.
11

12 25. Stanford Hospital and Defendants, through their respective
13 conduct of joining and participating in the Multiplan network, evidenced assent to
14 enter into an agreement concerning the provision of medical services and the
15 payment for the provision of said services.
16

17 26. Stanford Hospital in providing medically necessary treatment to
18 Patients, a Trustmark/Chef's Warehouse beneficiary, has fully satisfied all of its
19 obligations to Defendants.
20

21 27. Defendants, on the other hand, has not satisfied its respective
22 obligations to Stanford Hospital by failing to reimburse Stanford Hospital for the
23 services rendered to Patients.
24

25 28. Defendants additionally instructed Stanford that the balance is not
26 patient responsibility on the EOB, stating that payment was a contractual
27 obligation.
28

1 29. As a result of the breach by Defendants, Stanford Hospital
2 suffered damages in the sum of \$513,760.25.

3
4 **SECOND CAUSE OF ACTION**

5 *Quantum Meruit*
6 (Against All Defendants)
7

8 30. Stanford Hospital incorporate by reference and re-alleges
9 paragraphs 1 through 21 here as though set forth in full.
10

11 31. Stanford Hospital informed and believes and thereon alleges
12 that at all relevant times, Patient J.K. was a member of Defendants' health plans
13 and paid premiums for medical coverage. In exchange for such payment of
14 premiums, Patient J.K. expected Defendants to accept, process, arrange for, and/or
15 pay hospitals for the emergency-related medically necessary services rendered to
16 Patient J.K.
17

18 32. Stanford Hospital informed and believes and thereon alleges
19 that by providing such emergency related medically necessary services to Patient
20 J.K. from September 8, 2020 to September 20, 2020, Stanford Hospital conferred a
21 benefit upon Defendants because it allowed Defendants to make good on promises
22 made to their member that their member and their families would receive and be
23 covered for medically necessary services and would shield their members from the
24 bulk of the financial responsibility for payment for medical care received by them
25 and their families. For example, when the plan beneficiaries pay premiums,
26 Defendants become obligated to accept, process, arrange for, and/or pay health
27 care providers for the value of medical services rendered to their members and/or
28 their families. Thus, by fulfilling its coverage obligations to Patient J.K.,

1 Defendants do not have to face allegations that they breached any duties owed to
2 the plan members and their families. In other words, by rendering emergency
3 related medically necessary services to Patient J.K., Stanford Hospital helped
4 Defendants fulfill their legal duty as explained above. Thus, a benefit accrued to
5 Defendants and Stanford Hospital is entitled to the reimbursement of the
6 reasonable value of the services. The reasonable value of the services is Stanford
7 Hospital's usual and customary full bill charges.

8
9 33. Stanford Hospital is informed and believes and thereon alleges
10 that Defendants promised Patient J.K. (or their representatives) it would arrange
11 for and/or pay for emergency related medically necessary services needed by them.

12
13 34. Based upon Defendants agent's, and/or enrollee's special
14 request and insistence, Stanford Hospital rendered medical care to Patient J.K. as
15 described herein.

16
17 35. The labor, equipment, and materials so rendered permitted
18 Defendants to meet its duties and obligations under Defendant's health plan
19 contract with its enrollees. Thus, Defendants realized a benefit from the labor,
20 equipment, and materials so rendered by Stanford Hospital.

21
22 36. Defendants and/or its agent are aware of the benefit it realized
23 from the labor, equipment, and materials so rendered by Stanford Hospital and
24 Defendant's accepted and enjoyed such benefit without protest.

25
26 37. It would be inequitable to allow to Defendants retain the value
27 of the labor, equipment, and materials without paying for the full value of said
28 labor, equipment, and materials.

1 38. As a result of Defendants' misconduct, Stanford Hospital has
2 suffered damages in an amount to be proven at trial according to proof but which
3 amounts to at least \$ 238,209.78, exclusive of interest.

4
5 **PRAYER FOR RELIEF**

6
7 **WHEREFORE**, Stanford Hospital pray for judgment as follows:
8 For the First Cause of Action stated herein:

- 9 1. for the principal sum of \$513,760.25;
10 2. for interest on such principal sum at the rate of 15% per annum,
11 pursuant to Cal. Health & Safety Code § 1371; or, in the alternative, for interest on
12 such principal sum at the rate of 10% per annum, pursuant to Cal. Civ. Code §
13 3289.

14 For the Second Cause of Action stated herein:

- 15 1. for the principal sum of \$238,209.78;
16 2. for interest on such principal sum at the rate of 15% per annum,
17 pursuant to Cal. Health & Safety Code § 1371; or, in the alternative, for interest on
18 such principal sum at the rate of 10% per annum, pursuant to Cal. Civ. Code §
19 3289.

20 For all Causes of Action:

- 21 1. for all costs of suit incurred herein; and,
22 2. for such other and further relief as the Court deems just and
23 proper.

1 DATE: April 10, 2023

LAW OFFICES OF STEPHENSON, ACQUISTO
& COLMAN, INC.

Venetia Byars

VENETIA BYARS, ESQ.

Attorney for

STANFORD HOSPITAL HEALTH SYSTEM, a
California nonprofit public benefit corporation

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EXHIBIT A

STANFORD HEALTH CARE V. TRUSTMARK, TRUSTMARK HEALTH BENEFITS

FC 30035 Exhibit A to Complaint

No.	File Number	Admit Date	Discharge Date	Provider Name	Total Charges	Underpaid
1	000066240276	1/24/2020	1/25/2020	STANFORD HEALTH CARE	\$171,524.26	\$87,739.36
2	000067440068	11/23/2020	11/23/2020	STANFORD HEALTH CARE	\$15,563.55	\$15,563.55
3	000067806355	8/28/2020	8/28/2020	STANFORD HEALTH CARE	\$18,720.00	\$9,927.39
4	050000485211	11/30/2020	11/30/2020	STANFORD HEALTH CARE	\$31,233.66	\$18,789.88
5	050000881078	1/11/2021	1/11/2021	STANFORD HEALTH CARE	\$19,528.65	\$12,395.47
6	050001728515	3/5/2021	3/5/2021	STANFORD HEALTH CARE	\$31,222.67	\$17,840.75
7	050000463369	11/5/2020	11/5/2020	STANFORD HEALTH CARE	\$22,638.58	\$15,002.21
8	050000054105	9/8/2020	9/16/2020	STANFORD HEALTH CARE	\$478,797.96	\$238,209.78
9	050000855878	12/28/2020	12/28/2020	STANFORD HEALTH CARE	\$18,833.50	\$11,339.44
10	050000855877	12/14/2020	12/14/2020	STANFORD HEALTH CARE	\$20,467.50	\$12,303.57
11	050000484942	11/2/2020	11/2/2020	STANFORD HEALTH CARE	\$29,265.53	\$17,514.64
12	050000392914	10/14/2020	10/14/2020	STANFORD HEALTH CARE	\$58,982.00	\$36,878.50
13	050001938539	6/10/2021	6/10/2021	STANFORD HEALTH CARE	\$16,668.85	\$10,116.64
14	050000477754	11/16/2020	11/16/2020	STANFORD HEALTH CARE	\$16,707.73	\$10,139.07
						\$513,760.25